

Sustainability Disclosure Report and Green Accounting on the Company's Financial Performance

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ABSTRACT

This study aims to analyze the influence of Sustainability disclosure Report and application of Green Accounting to the financial performance of mining companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period. Financial performance is proxied using Return on Assets (ROA). on Assets (ROA), while the company size (Firm Size) and Leverage are used as control variables. This study uses a quantitative approach with a causality design and panel data obtained from annual reports and company sustainability reports. The research sample was determined using a purposive sampling technique, resulting in 11 companies with a total of 55 observations. Data analysis was conducted using multiple linear regression after testing the classical assumptions. The results of the study indicate that Sustainability disclosure Reports have a positive and significant effect on financial performance before the control variables are entered, but this effect becomes insignificant after being controlled by Firm Size and Leverage . The implementation of Green Accounting does not have a significant effect on financial performance in both models. Meanwhile, Firm Size and Leverage have a negative and significant effect on financial performance. Simultaneously, Sustainability Report , Green Accounting , Firm Size and leverage significantly influence financial performance, with the model explaining 26.7% of the variation in ROA. This finding indicates that sustainability practices have not directly impacted financial performance in the short term, but they still play a strategic role in supporting long-term corporate sustainability.

INTRODUCTION

In the era of growing globalization, many companies are starting to compete fiercely in the business world, one of which is in the mining industry. As a vital sector in the national economy, the mining industry makes a significant contribution to economic growth through production activities, state revenues, and the provision of industrial raw materials. However, behind these positive contributions, mining activities also give rise to various environmental and social problems. Large-scale exploitation of natural resources often results in land

degradation, environmental pollution, increased carbon emissions, and even social conflict with communities surrounding the company's operational areas (Setiawan et al. , 2023).

This problem caused the company's orientation to change from the *Single concept. Bottom Line* which only focuses on achieving profit towards the *Triple Concept The bottom line* emphasizes the balance between economic, social, and environmental aspects. Elkington (1997) explains that a company's sustainability is determined not only by its ability to generate financial profits, but also by its ability to maintain environmental sustainability and provide social benefits to the community. In line with these developments, the implementation of sustainable development principles through *the Sustainable Development Goals (SDGs)* is increasingly encouraging companies, particularly in the extractive sector, to increase transparency and accountability in managing environmental impacts.

In the perspective of Legitimacy Theory (*Legitimacy Theory*), the sustainability of a company is greatly influenced by the relationship between the company and the social environment in which the company operates. Suchman (1995) defines legitimacy as the general perception or assumption that an entity's actions are considered appropriate, proper, and acceptable based on the prevailing system of norms, values, beliefs, and social constructs. Dowling and Pfeffer (1975) explain that companies strive to align organizational activities and goals with social standards to gain and maintain legitimacy from society.

The concept of legitimacy is closely related to the mining industry, which carries a high level of environmental risk. Exploration and exploitation of natural resources have the potential to cause impacts such as ecosystem damage, environmental pollution, and social conflict. Therefore, mining companies face significant pressure to demonstrate that their operations remain aligned with societal values and expectations. If a company fails to fulfill this social contract, it can lose legitimacy, resulting in a diminished reputation, public pressure, regulatory sanctions, and even threats to business continuity . *concern*) company (Amalia & Riyadi, 2026).

One of the company's strategies in maintaining legitimacy is through *Sustainability disclosure. Report* and implementation of *Green Accounting* . Sustainability Reports serve as a communication tool for companies to demonstrate their economic, social, and environmental responsibilities to stakeholders . Meanwhile, Green Accounting enables companies to identify, measure, record, and report activities and costs related to environmental management.

Hansen and Mowen (2007) explain that Green Accounting is the process of incorporating environmental cost and benefit information into a company's accounting system so that environmental information can become part of managerial decision-making. Through the implementation of Green Accounting , the costs of land reclamation, waste management, emission control, environmental certification, and environmental restoration programs are no longer viewed merely as operational expenses, but as a form of strategic investment to reduce environmental risks and improve corporate sustainability.

Apart from legitimacy theory, the relationship between sustainability disclosure and company performance can also be explained through Signaling Theory . *Theory*). Spence (1973) explains that signaling theory arises from information asymmetry between internal company parties and external parties, such as investors and creditors. Management has more extensive information about the company's condition and prospects than external parties, so companies need to provide credible signals to reduce market uncertainty.

According to Brigham and Houston (2019), companies can provide positive signals (*good news*) through the delivery of information that demonstrates the company's quality, both through financial reports and non-financial disclosures. In the mining sector, which often receives negative attention due to its ecological impact, Sustainability disclosures are important. Quality reports based on international standards such as *Global Reporting The Green Accounting Initiative* (GRI Standards) can be a positive signal to investors regarding a company's commitment to sustainability. Furthermore, transparency of information regarding environmental costs through Green Accounting can demonstrate that a company has a strategy for managing long-term environmental risks (Fadilah et al. et al. , 2023).

Connelly et et al. (2011) explained that a credible signal will elicit a positive response from the market because it is able to reduce uncertainty and increase investor confidence. Thus, disclosure of Sustainability Green Accounting reports and implementation not only serve as a form of regulatory compliance, but also as a company strategy to improve reputation, attract investment, and support improved financial performance.

Financial performance is an indicator that describes a company's ability to manage economic resources to generate profits. Pratama et. (2022) explain that financial performance reflects a company's financial condition over a specific period, analyzed through various financial ratios to assess the effectiveness and efficiency of company resource management. In this study, financial performance is proxied using *Return on Assets (ROA)* . *on Assets* (ROA) because this ratio shows the company's ability to utilize its assets to generate profits.

For mining companies, ROA is a crucial indicator because the industry's characteristics require significant asset investment and face high levels of uncertainty due to fluctuating global commodity prices and increasing environmental compliance demands. Therefore, it is important to examine whether a company's investments in sustainability practices through Sustainability Reporting (SRI) are reflecting its sustainability objectives. Reports and Green Accounting can contribute to improving financial performance.

Although theoretically Sustainability While reports and green accounting are expected to have a positive impact on companies, previous research still shows inconsistencies (*an empirical gap*). Several studies have found that sustainability disclosure and the implementation of environmental accounting can increase profitability by improving reputation, operational efficiency, and investor confidence (Amalia & Riyadi, 2026; Izzuddin, 2025). However, other studies have found that high environmental costs can burden companies in the short term, resulting in a negative or insignificant impact on financial performance (Murni et al., 2016). et al. , 2025b; Putri & Gede, 2022).

In addition to the differences in previous research findings, there is also a contextual gap . *Most* previous research was conducted in relatively stable economic conditions and has not examined the Indonesian mining sector during the highly dynamic period of 2020–2024. This period encompasses three important economic conditions: the COVID-19 pandemic, which has caused operational pressures on companies, and the *commodity-based recovery phase. boom* due to rising global commodity prices, as well as the energy transition phase which increases demands for low-carbon business practices.

Based on this phenomenon, this study selected mining companies listed on the Indonesia Stock Exchange as the research object because this sector has unique characteristics such as high environmental impact, large asset investment needs, and sensitivity to global

economic changes. This study offers a contribution by examining the influence of sustainability. Report and Green Accounting on financial performance in the 2020–2024 period which reflects extreme economic dynamics, while analyzing the variables that have the most dominant influence on Return on Assets (ROA).

Thus, this study aims to analyze and empirically prove the influence of *Sustainability disclosure. Reports* and the application of *Green Accounting* to the financial performance of mining companies listed on the Indonesia Stock Exchange for the 2020–2024 period, both partially and simultaneously. This research is expected to contribute to the development of sustainability accounting literature and serve as a consideration for companies, investors, and regulators in strengthening the implementation of sustainability-oriented business practices.

RESEARCH METHODS

This study uses a quantitative approach with a causality research design. The quantitative approach is used to test the relationship between research variables through numerical measurements and statistical analysis. The causality design was chosen because this study aims to obtain empirical evidence regarding the influence of *Sustainability. Report Disclosure* and *Green Accounting* on the company's financial performance, taking into account the control variable in the form of company size (*firm size*) and leverage.

The object of this research is mining sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The mining sector was selected as the research object based on the characteristics of the industry, which has operational activities with high levels of natural resource exploitation and faces increasing demands for environmental transparency and accountability. Furthermore, the research period was chosen because it encompasses significant economic dynamics, starting from the COVID-19 pandemic phase, economic recovery, and rising global commodity prices (*commodity prices*). *boom*), to increasing pressure on the implementation of sustainability practices and energy transition.

This study uses secondary data in the form of panel data, which is a combination of cross - *sectional* and time - *series data*. The data was obtained from annual financial reports. *report*), *sustainability report report*), and other supporting documents published by the sample companies on the official website of the Indonesia Stock Exchange and the official websites of each company. The use of panel data in this study allows for observation of variations in characteristics between companies and changes in company performance during the study period.

The study population included all mining sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The sample was selected using a *purposive sampling technique*, considering the suitability of the sample characteristics to the research objectives. The sample selection criteria included: (1) mining sector companies consistently listed on the Indonesia Stock Exchange during the 2020–2024 period; (2) companies that published audited annual financial statements consecutively during the study period; (3) companies that provided sustainability reports either separately or integrated into the annual report; and (4) companies that disclosed information related to environmental costs in their company reports. Based on these criteria, 11 companies were selected with 55 observations over five years of observation.

The dependent variable in this study is the company's financial performance which is proxied using *Return on Assets* (ROA). ROA is used to measure a company's effectiveness in

utilizing all its assets to generate net profit. The first independent variable is *Sustainability Report Disclosure* (X1), measured using *Sustainability Report Disclosure Index* (SRDI) based on *Global Reporting standards Initiative* (GRI Standards). Measurement is carried out using the *content analysis method*. *analysis*) with a scoring approach, namely a value of 1 is given if the sustainability indicator is disclosed by the company and a value of 0 is given if the indicator is not disclosed.

The second independent variable, namely *Green Accounting* (X2), is measured using an environmental cost approach. *cost*). Measurements are based on the value of environmental expenditures disclosed by the company, such as reclamation costs, waste management, emission control, and environmental recovery activities. The environmental cost values are then transformed using natural logarithms to reduce differences in scale between companies . In addition to the main variables, this study includes control variables in the form of company size (*SIZE*) measured using the natural logarithm of total assets and leverage (*LEV*) proxied by *Debt to Equity Ratio* (DER).

Data collection was conducted through documentation and literature review. The documentation method was used to obtain quantitative data from financial reports, annual reports, and company sustainability reports. Meanwhile, the literature review was conducted by reviewing various scientific literature, books, and previous research findings relevant to the research variables.

Data analysis was conducted using statistical methods with the aid of data processing software. The analysis stages included descriptive statistical analysis to provide an overview of the characteristics of the research data, classical assumption testing consisting of normality , multicollinearity , heteroscedasticity , and autocorrelation tests, and regression model testing. The regression model used in this study is formulated as follows:

$$ROA_{it} = \alpha + \beta_1 SRDI_{it} + \beta_2 GA_{it} + \beta_3 SIZE_{it} + \beta_4 LEV_{it} + e_{it}$$

Information:

ROA = Company financial performance

SRDI = *Sustainability Disclosure Report*

GA = Implementation of *Green Accounting*

SIZE = Company size LEV = Company

leverage

α = Constant

β = Regression coefficient e = Error term i = Sample company t = Observation period

Hypothesis testing was conducted using a partial *t- test* to determine the effect of each independent variable on financial performance, as well as a simultaneous *F- test* to examine the effect of the independent variables simultaneously on the dependent variable. Furthermore, the coefficient of determination (R^2) was used to determine the research model's ability to explain variations in the company's financial performance.

Through this methodological approach, this research is expected to be able to provide empirical evidence regarding the relationship between *Sustainability disclosures. Report* , implementation of *Green Accounting* , and financial performance of mining sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

RESULTS AND DISCUSSION

Results

Classical Assumption Test

Normality Test

Table 1. Normality Test Using *One- Sample Kolmogorov-Smirnov Test*

One- Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		55
Normal Parameters ^{a,b}	Mean	.0000000
	Standard Deviation	.84211090
Most Extreme Differences	Absolute	.097
	Positive	.094
	Negative	-.097
Test Statistics		.097
Asymp . Sig . (2-tailed) ^c		.200 ^d
Monte Carlo Sig . (2-tailed) ^e	Sig .	.217
	99% Confidence Interval Lower Bound	.206
	Upper Bound	.228

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction .

d. This is a lower bound of the true significance .

e. Lilliefors ' method based on 10,000 Monte Carlo samples with starting seed 299883525.

Source: Processed data, 2026

Normality test results use *One - Sample Kolmogorov - Smirnov Test*, obtained mark *Asymp. Sig. (2- tailed)* is 0.052 which means value $0.200 > 0.05$ or can indicated that the data is normally distributed. With Thus, the assumption normality in the regression model has fulfilled.

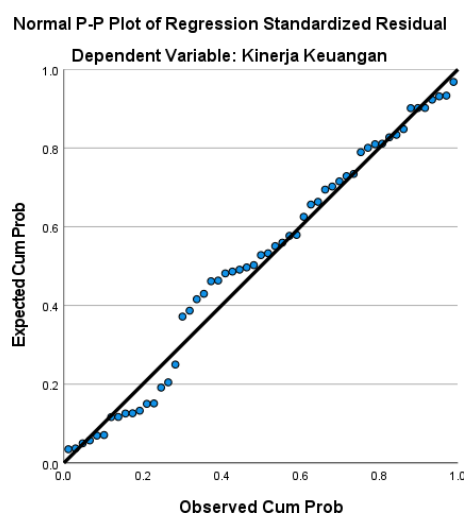


Figure 1. Normality Test Using P-Plot

It can be seen from the image that the data distribution points are spread around the diagonal line and follow the direction of the diagonal line and show a normally distributed pattern, so that we can continue with the next classical assumption test.

Heteroscedasticity Test

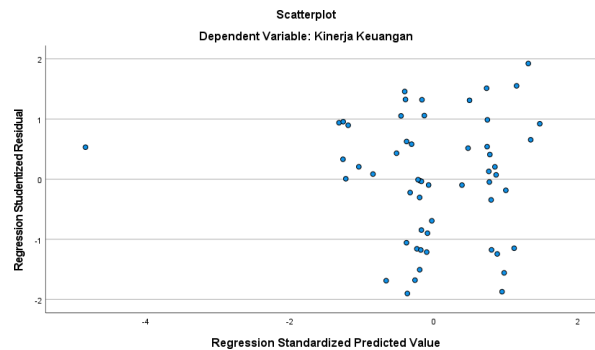


Figure 2. Heteroscedasticity Test

The heteroscedasticity test using a scatterplot show that the residual points are randomly distributed and do not form a specific pattern, without showing any systematic patterns such as clumping, expanding, or narrowing. These visual results indicate that there is no heteroscedasticity problem in the regression model, so the homoscedasticity assumption is met.

Multicollinearity Test

Table 2. Multicollinearity Test

Model	Collinearity Tolerance	Statistics VIF
(Constant)		
<i>Sustainability Report</i>	.736	1,359
<i>Green Accounting</i>	.764	1,309
<i>Firm Size</i>	.934	1,071
<i>Leverage</i>	.860	1,163

Source: Processed data, 2026

the multicollinearity test in the table above show that the regression model meets the multicollinearity-free assumption. This is indicated by the *Variance value. Inflation Factor* (VIF) all independent variables are below 10 and the *Tolerance value* is above 0.10.

Autocorrelation Test

Table 3. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std . Error of the Estimate	Durbin-Watson
1	.510 ^a	.260	.201	.8751473	1,366

a. Predictors : (Constant), Leverage , Green Accounting , Firm Size , Sustainability Report

b. Dependent Variable : Financial Performance

Source: Processed data, 2026

Based on the table above shows the results of the autocorrelation test which shows that the Durbin value Watson's value is 1.366. This value is compared with the Durbin table. Watson with a significance value of 5% with a data amount of 55 (n) and a total of 4 (k). Durbin value Watson's results are explained as follows:

$D_u < d < 4 - Two$

$1.724 > 1.366 < 4 - 1.724$

$1.724 > 1.366 < 2.276$

From the results of these calculations, it can be concluded that in this study there is no positive autocorrelation with the decision to reject. Because there is no positive autocorrelation, the standard value error and t-statistic values are unreliable, so treatment is necessary. Autocorrelation treatment in this study was carried out using the *Cochrane-ortcutt method*.

Autocorrelation Test Cochrane-Orcutt

Table 4. Autocorrelation Test Cochrane-Orcutt

Model	R	R Square	Adjusted R Square	Std . Error of the Estimate	Durbin-Watson
1	.517 ^a	.267	.207	.83419	1,901

a. Predictors : (Constant), Leverage , Green Accounting , Firm Size , Sustainability Report

b. Dependent Variable : Financial Performance

Source: Processed data, 202 6

Based on the table above after treatment using *Cochrane-ortcutt* shows that the Durbin value Watson (DW) is 1,901. Durbin value Watson's findings are described as follows:

$dU < dw < 4 - two$

$1.724 < 1.901 < 4 - 1.724$

$1.724 < 1.901 < 2,276$

From the results of these calculations, it can be concluded that in this study there is no positive or negative autocorrelation with the decision not to reject, which means that this study is free from autocorrelation symptoms .

Moderated Regression Analysis

Table 5. Moderated Regression Analysis

Model	Coefficients ^a		Standardized Coefficients	t	Sig .
	Unstandardized Coefficients	Std . Error			
	B		Beta		
1 (Constant)	.942	.756		1,246	.219
Sustainability Report	.856	.667	.180	1,284	.205
Green Accounting	-.002	.043	-.007	-.049	.961
Firm Size	-.101	.049	-.260	-2,064	.044
Leverage	-.091	.037	-.324	-2,430	.019

a. Dependent Variable : Financial Performance

Source: Processed data, 2026

Based on the results of multiple linear regression analysis, the following regression equation was obtained:

$$ROA_{it} = 0,942 + 0,856X_1 - 0,002X_2 - 0,101SIZE - 0,091LEV + e$$

Or can interpreted as following :

1. Constant of 0.942 means If *Sustainability Report* , *Green Accounting* , Firm Size, and Leverage values is 0, then the Financial Performance (Y) value is is 0.942.
2. Coefficient value regression *Sustainability Report* of 0.856, which means every increase 1 unit mark *Sustainability Report* will raise Financial Performance Value amounting to 0.856 units.
3. Coefficient value regression Variables *Green Accounting* of -0.002, which means every increase 1 unit *Green Accounting* will lower Financial Performance Value of - 0.002 units.
4. Coefficient value regression *Firm Size* of -0.101, which means every increase of 1 unit of value *Firm Size* will lower Financial Performance value of -0.101 units.
5. Coefficient value regression Variables *Leverage* is -0.091, which means every increase of 1 unit of *Leverage* will lower Financial Performance value of -0.091 units.

Coefficient Test Determination

Table 6. Coefficient Test Determination

Model	R	R Square	Adjusted R Square	Std . Error of the Estimate	Durbin-Watson
1	.517 ^a	.267	.207	.83419	1,901

a. Predictors : (Constant), Leverage , Green Accounting , Firm Size , Sustainability Report

b. Dependent Variable : Financial Performance

Source: Processed data, 2026

Which consists of *Sustainability variables Report* , *Green Accounting* , *Firm Size* and *Leverage* shows the *R Square value* of 0.267. This indicates that the four variables together are able to explain the dependent variable of Financial Performance by 26.7%.

Hypothesis Testing

t-statistic test

Table 7. Model1 Statistical Test t

	Coefficients ^a		Standardized Coefficients		t
	Unstandardized Coefficients	Std . Error	Beta		
1 (Constant)	-.352	.562			-.626 .534
Sustainability Report	1,597	.670	.335	2,384	.021
Green Accounting	-.045	.045	-.142	-1.006	.319

a. Dependent Variable : Financial Performance

Source: Processed data, 2026

Table 8. Model 2 t-Statistic Test

Model	Coefficients ^a		Standardized Coefficients Beta	t	Sig.
	Unstandardized Coefficients B	Std. Error			
1 (Constant)	.942	.756		1,246	.219
Sustainability Report	.856	.667	.180	1,284	.205
Green Accounting	-.002	.043	-.007	-.049	.961
Firm Size	-.101	.049	-.260	-2,064	.044
Leverage	-.091	.037	-.324	-2,430	.019

a. Dependent Variable : Financial Performance

Source: Processed data, 2026

Based on the results of the t -statistic test with a significance level of $\alpha = 0.05$. With the formula $t (\alpha / 2; nk-1)$, with n the number of research samples is 55, k = the number of independent variables in the study, namely 2 variables so that the t-table value can be seen as 1 (0.025; 52) = 1.00665. Model 1 can be explained by testing the hypothesis for each variable as follows:

1. Variables *Sustainability Report* show t - value amounting to 2,384 which is more big from t table 2.00665. with mark significance $0.021 < 0.05$. This prove that *Sustainability Report* influential in a way positive on Financial Performance.
2. Variables *Green Accounting* get t - value by -1.006 which is more small from t table 2.00665 with mark significance $0.319 > 0.05$. This result indicates that *Green Accounting* No influential on Company Value.

Model 2 can explained testing hypothesis for each variable after Firm Size and Leverage are entered as control variables as following :

1. Variables *Sustainability Report* show t - value by 1,284 which is more small from t table 2.00665 . with mark significance $0.205 > 0.05$. This prove that *Sustainability Report* does not influential on Financial Performance .
2. Variables *Green Accounting* get t - value by 0.049 which is more small from t table 2.00665 with mark significance $0.961 > 0.05$. This result indicates that *Green Accounting* No influential on Financial Performance .
3. Variables *Firm Size* get t - value amounting to 2,064 which is more big from t table 2.00665 with mark significance $0.044 < 0.05$. This result indicates that *Firm Size* influential in a way negative on Financial Performance
4. Variables *Leverage* get t - value of 2,430 which is more big from t table 2.00665 with mark significance $0.019 < 0.05$. This result indicates that Leverage has an effect in a way negative on Financial Performance

The test results on Model 1 show that *Sustainability The report* has a positive and significant effect on Financial Performance with a significance value of 0.021. However, after the *Firm Size* and *Leverage* are entered as control variables in Model 2, the influence of *Sustainability Report* becomes insignificant with a significance value of 0.205. The change in results indicates that the influence of *Sustainability The effect of the Report* on Financial Performance is no longer significant after considering the characteristics of company size and leverage level . Meanwhile , *Green Accounting* does not show a significant effect on Financial Performance in either Model 1 or Model 2.

f Statistical Test

Table 9. Statistical Test Model f

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig .
1 Regression	4,704	2	2,352	2,869	.066 ^b
Residual	41,818	51	.820		
Total	46,522	53			

a. Dependent Variable : Financial Performance

b. Predictors : (Constant), Green Accounting , Sustainability Report

Source: Processed data, 2026

Table 10. Model 2 Statistical Test f

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig .
1 Regression	12,424	4	3.106	4,464	.004 ^b
Residual	34,098	49	.696		
Total	46,522	53			

a. Dependent Variable : Financial Performance

b. Predictors : (Constant), Leverage , Green Accounting , Firm Size , Sustainability Report

Source: Processed data, 2026

For determine mark from f table can seen in distribution f table value with level significance of 0.05. With formula $f(k; n-k)$, with k being the number variables independent in study This as many as 2 variables , n is the number sample study as many as 55 so that can seen degrees his freedom is $f(2;52) = 3.175$.

Model 1 shows that calculated F value amounting to 2,869 with level significance of 0.066. This value in a way significant more big from F table value of 3.175 (at $\alpha = 0.05$), which proves that that variables independent *Sustainability Report* and *Green Accounting* . in a way together No influential to performance finance .

Model 2 shows a calculated F value of 4.464 with a significance level of 0.004. This significance value is less than 0.05, so it can be concluded that Sustainability Report , Green Accounting , Firm Size and Leverage together have a significant effect on Financial Performance. These results indicate that after the Firm Size and Leverage are entered as control variables, the regression model becomes significant in explaining Financial Performance.

Discussion

Sustainability Disclosure Report (X₁) on Financial Performance (Y)

-statistic test in model 1, the *Sustainability variable Report* shows the calculated t value = $2.384 > t_{table} = 2.00665$ with a significance value of $p = 0.021 < 0.05$. These results indicate that partially without taking into account the capital structure and scale of the company, the disclosure of *Sustainability Report* has a positive and significant effect on Financial Performance (ROA). Therefore, the first hypothesis (H1) is accepted in model 1.

In model 2 when the *Firm variable Size* and *Leverage* entered as a control variable , the calculated t value *Sustainability Report* down to $1,284 < t_{table} = 2.00665$ with a significance value of $p = 0.205 > 0.05$. This shows that the influence of *Sustainability disclosure Report* on

Financial Performance becomes insignificant after being controlled by the characteristics of Company size and Financial Risk (*Leverage*).

According to (Brigham & Houston, 2019; Spence, 1973), credible disclosure can reduce information asymmetry between management and external parties. In the extractive industry, which is fraught with ecological impact risks, issuers who diligently disclose their *Environmental, Social, and Environmental Commitments Governance* gain higher levels of investor confidence, increase stock prices, and ultimately facilitate increased asset (Fadilah et al., 2023; Fitriana, 2024) efficiency.

The change in results from significant in model 1 to insignificant in model 2 indicates that the influence of *Sustainability Report* on asset profitability (ROA) Mostly absorbed or explained by the operational scale (*Firm Size*) and funding structure (*Leverage*). Large-scale mining companies tend to have abundant resources to develop *sustainability. Report* comprehensive, but their net profitability remains highly dependent on the level of debt burden efficiency and fluctuations in global commodity prices.

Green Accounting Implementation (X₂) on Financial Performance (Y)

Based on the results of the t-test, the *Green Accounting variable* in model 1 produces a calculated t value = 1.006 with a significance value of $p = 0.319 > 0.05$. In model 2, the calculated t value = - 0.049 with a significance value of $p = 0.961 > 0.05$. Because both significance values are far above $\alpha = 0.05$, the second hypothesis (H₂) is rejected. Implementation of *Green Accounting* does not have a significant effect on the Financial Performance (ROA) of mining issuers 2020-2024.

Theoretically, *Green Accounting* which is proxied through the allocation of environmental management costs (such as AMDAL costs, B3 waste management, and reclamation reserves) requires direct cash outflow. In the traditional accounting recording system, this expenditure is immediately recognized as an operational expense that reduces net income in the current period (Ikbal et al., 2023).

Environmental budget allocation does not automatically increase business profit margins, this is in line with previous research which (Izzuddin, 2025; Murni et al., 2025b; A. M. Putri & Gede, 2022) confirms that environmental accounting cost allocation does not have a significant positive causal impact on accounting profitability in the short to medium observation period.

Simultaneous Effects of Sustainability Report (X₁) and Green Accounting (X₂) on Financial Performance (Y)

This simultaneous testing was conducted through an f-test comparing two models. Model 1 proved independently without control variables, *Sustainability Report* and *Green Accounting* Together, they do not have a significant effect on financial performance, so the third hypothesis (H₃) is accepted in model 2.

The coefficient of determination (R²) in model 2 is 0.267 (or 26.7%). This indicates that the variation in financial performance (ROA) of mining companies on the IDX from 2020 to 2024 can be explained by the combination of *Sustainability and Return on Assets (RSA). Report, Green Accounting, Firm Size, and Leverage*, while the remaining 73.3% is influenced by other factors outside the research model.

CONCLUSION AND SUGGESTIONS

Based on the results of research on the influence of *Sustainability disclosure Report* and application of *Green Accounting* to financial performance proxied through *Return on Assets* (ROA) in mining sector companies listed on the Indonesia Stock Exchange for the 2020–2024 period, it can be concluded that sustainability practices in mining companies have developed, although the level of implementation and quality of disclosure still show differences between companies. *Sustainability Disclosure The report* indicates a positive relationship with financial performance, but it has not yet produced a statistically significant effect. This suggests that increased sustainability transparency has not directly resulted in increased profitability during the study period, as the economic benefits of sustainability practices tend to require a longer process and time to be reflected in a company's financial performance.

The implementation of *Green Accounting* has also not shown a significant impact on financial performance. This finding indicates that environmental cost allocation by mining companies still functions more as a means of fulfilling environmental responsibilities and complying with regulations than as a factor that directly increases company profitability in the short term. Nevertheless, the implementation of environmental accounting still plays a strategic role in reducing operational risk, maintaining social legitimacy, and supporting long-term company sustainability.

In addition to the main research variables, the test results show that *Firm Size* and *leverage* influence a company's financial performance. Company size has a negative and significant effect on ROA, indicating that the size of a company's assets does not always guarantee increased efficiency in generating profits. Meanwhile, *leverage* has a negative and significant effect on financial performance, indicating that a high level of dependence on debt-based funding can increase financial burdens and suppress a company's ability to generate profits. Simultaneously, disclosure of *sustainability Reports*, implementation of *Green Accounting*, company size, and *leverage* together are able to explain variations in the financial performance of mining companies during the research period.

The results of this study imply that mining companies need to shift their sustainability management paradigm from merely an administrative obligation to a long-term business strategy. High-quality sustainability disclosures and transparent environmental accounting can be instrumental in building stakeholder trust, mitigating environmental risks, and strengthening the sustainability of corporate operations. For investors, this study demonstrates that sustainability information can be a key consideration in investment decision-making, although it still needs to be combined with fundamental financial analysis, such as debt levels and asset management effectiveness.

This study has several limitations. First, the measurement of *sustainability Report Disclosure* still relies on information published by companies, so there is the possibility of differences in the level of completeness and depth of disclosure between companies. Second, *Green Accounting* measurements still use the environmental cost approach disclosed in

company reports, so they do not fully reflect the overall environmental accounting practices implemented. Third, the limited research period of 2020–2024 means that research results are still influenced by special economic conditions, such as the COVID-19 pandemic, fluctuations in global commodity prices, and increasing pressure on the energy transition agenda. Furthermore, the quantitative approach used has limitations in explaining qualitative aspects such as the quality of sustainability strategies, the effectiveness of environmental governance, and management commitment to sustainable business practices.

Based on these limitations, further research is recommended to expand the observation period and develop research objects in other industrial sectors with high environmental risks. Future research can also consider the use of additional variables such as *Good Corporate Governance (GCG)*, *Corporate Corporate Governance (GCG)*, *audit quality*, *environmental innovation*, or *corporate reputation* as moderating or mediating variables to gain a more comprehensive understanding of the relationship between sustainability practices and financial performance. Furthermore, the development of more comprehensive *Green Accounting measurement methods* is needed to more thoroughly analyze the economic benefits of environmental investments.

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